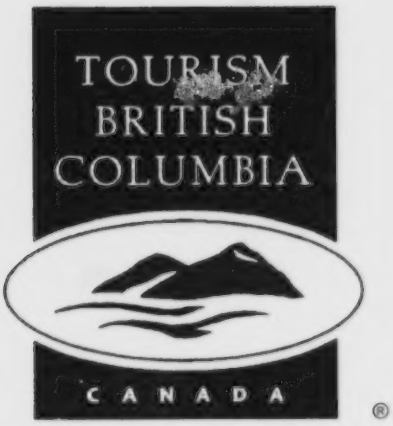

Tourism British Columbia

2006/07 – 2008/09 Service Plan

January 26, 2006

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To the Minister of Tourism, Sport and the Arts:

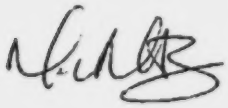
The 2006/07 – 2008/09 Tourism British Columbia Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the contents of this Plan, including the selection of performance measures and performance targets. The Plan is consistent with government's strategic priorities and overall strategic plan. All significant assumptions, policy decisions and identified risks as of January 26, 2006, have been considered in preparing the Plan.

I am accountable for ensuring Tourism British Columbia achieves its specific objectives identified in the plan and for measuring and reporting actual performance. The performance targets in this plan have been determined based on an assessment of Tourism British Columbia's operating environment, forecast conditions, risk assessment and past performance.

This Plan describes the programs and activities that will be undertaken over the next three years to respond to the opportunities and challenges arising from prevailing tourism market conditions. It is consistent with the Ministry's broad policy direction and general principles, supporting the government's strategic priorities and overall strategic plan. In terms of measuring corporate performance, all programs are evaluated based on targets identified in the annual Service Plan, and reported in the Annual Report.

Tourism British Columbia continues to achieve success on behalf of the province's tourism industry, by focusing upon markets, sectors and activities that have been identified through disciplined research and inclusive industry consultation as British Columbia's best opportunities for tourism success. To further stimulate visitation, the 2006/07 – 2008/09 Service Plan includes programs that will build on marketing programs in established markets, and expands several initiatives that are intended to build and maximize tourism opportunities across sectors.

I would like to thank the Board for their input into the planning process for 2006/07 – 2008/09, and all Tourism British Columbia staff for their commitment to developing and delivering strategic programs that directly support the organization's mandate. Additionally, we would like to thank the Ministry of Tourism, Sport and the Arts for their support and commitment to the industry.



Michael Duggan
Chair

ORGANIZATIONAL OVERVIEW

Tourism British Columbia became a Crown corporation in April 1997. Funding of $50 million per year is a combination of the existing hotel tax and an annual operating grant from the Ministry of Tourism, Sport and the Arts. The purpose and mandate of Tourism British Columbia are defined under the *Tourism British Columbia Act* as follows:

Purpose:

- To promote development and growth in this vital sector.
- To increase revenues and employment throughout British Columbia.
- To increase the economic benefits generated by the tourism industry.

Mandate:

- Market British Columbia as a tourism destination.
- Provide information services for tourists.
- Encourage enhancement of standards of tourist accommodation, facilities, services and amenities.
- Enhance professionalism in the tourism industry.
- Encourage and facilitate the creation of jobs in the tourism industry.
- Collect, evaluate and disseminate information on tourism markets, trends, employment, programs and activities, as well as on the availability and suitability of infrastructure and of services that support tourism activities.
- Generate additional funding for tourism programs.

Governance

Tourism British Columbia is responsible to the Minister of Tourism, Sport and the Arts. The corporation's principle stakeholder group is the BC tourism industry, and is appropriately governed by a 15 member industry-led board of directors with management, financial and legal authority as ascribed under the *Tourism British Columbia Act*. The Board of Directors provide policy direction and leadership. The CEO, a position appointed by the board, manages the implementation of policies and corporate goals.

Board Governance Principles

The Board of Directors has adopted the guiding principles included in the provincial government's Governance Framework that provides an understanding of the roles and responsibilities for all parties that are part of the Crown corporation governance environment:

- Stewardship, Leadership and Effective Functioning of the Board
- Clarity of Roles and Responsibilities
- Openness, Trust and Transparency
- Service and Corporate Citizenship
- Accountability and Performance
- Value, Innovation and Continuous Improvement.

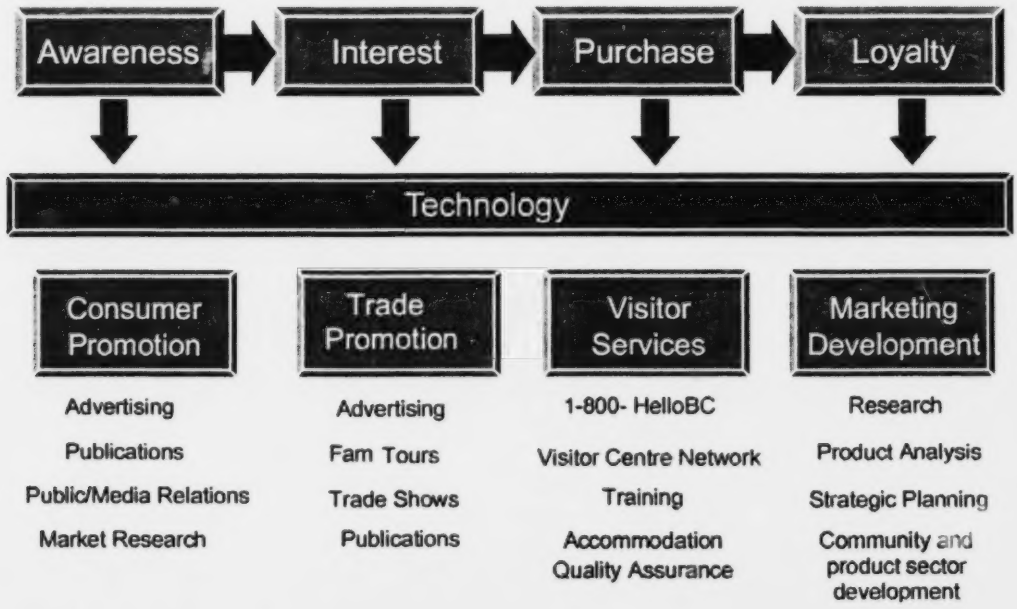
For a list of Board members and committees, see Appendix 1.

Organizational Structure

Tourism British Columbia embraces a consumer-driven approach to marketing, working with private sector and industry partners to bring the right products to the right markets, through various distribution channels that reflect the diversity of consumer and travel trade needs.

As highlighted in the following chart, all stages of the tourism marketing cycle are aligned with Tourism BC core business activities in order to achieve corporate goals:

Marketing Cycle:



Tourism British Columbia is structured as a professional marketing organization, comprised of core business functions that deliver programs and activities across the Marketing Cycle.

- The *Marketing* Division develops consumer and trade promotion marketing strategies and programs based on consumer needs in key geographic markets to increase demand for British Columbia as a preferred travel destination. All activities are integrated and strategically targeted to help move the consumer through the purchase cycle of awareness, interest, knowledge, purchase, and then ongoing repeat purchase. The primary goal of this division is to increase tourism revenues from two types of markets: "volume" (British Columbia, Alberta, Washington) and "high-yield" (long haul North America and Asia/Pacific and Europe).

- The *Visitor Services* Division strategically continues the consumer purchase cycle and has as its primary goal to optimize the BC visitor's experience through enhanced customer service. The division's programs/activities include:

    - Providing information and sale of tourism products to travellers via Visitor Centres, *HelloBC®*.com, *1-800 HELLO BC®* and information service and worldwide distribution of British Columbia travel guides.

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- *Accommodation Services & Standards,* which encourages the continual enhancement of tourist accommodations, facilities, services and amenities in British Columbia through inspection and rating systems, with approved properties featured in the *British Columbia Approved Accommodation Guide*.

- *Training Services* builds a professional, well-trained workforce through the world-class *SuperHost*® training programs, ensuring consumer loyalty and repeat business.

- The *Marketing Development* Division is responsible for assisting new and emerging tourism product businesses, communities and sectors achieve market preparedness. Its programs focus on providing useful tools for tourism businesses and communities to help grow their business opportunity. The division is also responsible for providing research to industry partners for the measurement, evaluation and management of growth in all sectors, developing new revenue-generating opportunities, and the award-winning *British Columbia Magazine*®.

- Tourism British Columbia is strongly committed to disciplined management practices and accountability, while ensuring a positive corporate culture. Through the development and implementation of efficient financial, administrative, information and human resource systems, *Corporate Services* and *Human Resources* continues to help contribute to the positive erformance of the organization. Last year, the corporation placed second in Watson Wyatt's Survey for the Best Companies to Work for in British Columbia, moving up from 12th place two years earlier. The corporation remains the only public sector organization named in the top 25. With employees confirming their confidence in the organization's leadership and practices, Tourism British Columbia continues to demonstrate qualities of a highly effective organization.

Tourism British Columbia delivers many of its services and programs by leveraging its resources through various partnerships, including regional and city destination management organizations (DMOs), product sectors, Visitor Centres and other tourism organizations at the federal and provincial level.

STRATEGIC CONTEXT

Vision: to be a recognized world leader in tourism destination management.
Mission: to ensure quality visitor experiences that grows the success of British Columbia's tourism industry.
Corporate Values:

- Integrity – what we bring as individuals.
- Enthusiasm – what we portray.
- Teamwork – how we work together.
- Progressive – what we strive for.

PLANNING CONTEXT AND KEY STRATEGIC ISSUES

From 2002 – 2005, Tourism BC undertook an extensive consulting process with communities, tourism operators, destination marketing organizations and related provincial agencies to identify priorities for a long-term strategic framework. This included specific consideration for those activities which would help industry achieve the desired growth of tourism by 2015, and for identifying tourism growth opportunities associated with hosting the 2010 Olympic and Paralympic Winter Games.

The resulting *2005-2015 Tourism Strategic Framework* is now a key guide for Tourism BC's annual business planning:

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2005 – 2015 Tourism Strategic Framework
OBJECTIVES
• Maximize the long-term benefits of the 2010 Winter Games throughout British Columbia.
• Double Provincial tourism revenues by 2015.
STRATEGIES
Key strategies include those to increase demand and revenue and those to increase supply of export-ready tourism experiences.
DEMAND
• Attract more visitors
• Increase the length of a visitor's stay
• Generate higher levels of expenditures on tourism experiences
SUPPLY
• Increase utilization of existing capacity
• Add new capacity and products
• Provide higher quality products for which visitors are willing to pay a premium
MARKETING
Consumer and Trade Promotion
MARKETING DEVELOPMENT/
VISITOR SERVICING
INDUSTRY
DEVELOPMENT

British Columbia Tourism Industry

With nearly 18,000 tourism-related businesses throughout the province, and more than 115,000 people employed in jobs directly related to tourism, the impact of doubling the industry by 2015 would be very significant.

In the 2005 calendar year, it is estimated that a total of 22.9 million people travelled in British Columbia, an increase of 1.8% over 2004. Corresponding industry revenues for the same period are estimated at $9.8 billion, a 3.2% increase over 2004. This represents the best year ever for the BC tourism industry, providing a strong foundation for the future growth necessary to achieve the goal of doubling tourism revenue.

Overall, British Columbia residents contributed 27.9% of the province's total tourism revenue. California, Washington, Alberta and Ontario form the rest of North America's core markets.

The United States continues to be a vital market for British Columbia tourism, and 2005 estimates for the US overnight market show a minor decrease in revenues of 1.0% compared to 2004, a trend that has been experienced across Canada. Though no one single factor can be identified as the sole basis of this, several issues such as narrowing exchange rates, higher gas prices, slower border and security processes and confusion about the impending Western Hemisphere Travel Initiative have become factors in US consumer considerations of Canadian destinations.

Revenue from Asia/Pacific is expected to increase by 3.4% compared to 2004, while European revenue is expected to show an increase of 8.4% over the same period.

Risk Assessment

Tourism British Columbia's funding for marketing and program delivery is derived in part from the provincial Hotel Room Tax, which may be significantly affected by the prevailing market conditions in any given period of time. These market forces are largely beyond the corporation's influence; consequently, Tourism British Columbia's planning context regularly incorporates a broad analysis of these events and conditions.

The planning context also takes into consideration a number of factors that may influence the competitiveness of the British Columbia tourism industry. Recent increases in the Canadian dollar versus US currency have triggered concerns that British Columbia may lose some American visitors.

Further, the potential impacts of new US security initiatives introduced late in 2004 are unknown, and Tourism British Columbia will monitor consumer feedback resulting from their experiences crossing borders. Increased security measures have already negatively impacted overall US visitation since 2001, particularly same-day visitors who are valuable to close-in destinations such as Vancouver. Tourism BC continues to monitor these issues that affect US visitation, and will re-focus its promotional programs accordingly.

British Columbia saw a second year of improved numbers from most Asia Pacific markets, following the devastating impacts of Severe Acute Respiratory Syndrome (SARS) in 2003. Although it clearly demonstrates that demand for *Super, Natural British Columbia*® tourism products remains high in this market, it has exposed the general vulnerability of the tourism industry to pandemic diseases. Tourism BC is working with partner tourism organizations in monitoring the possibility of an outbreak of the Avian Flu in the world, to ensure information that has tourism implications is distributed to key organizations and stakeholders in the most useful way possible.

In January, 2005, Canada and China formally agreed to begin negotiating Approved Destination Status (ADS). Once the negotiation process is completed, it will be significant in building visitation from this market, allowing Chinese citizens to apply for a visa to travel to Canada for pleasure purposes. To maximize future growth from the Asia Pacific market, and all of British Columbia's other key markets, the primary objectives of accessibility and affordability must continue to be addressed in federal airline policy. Tourism British Columbia fully supports the provincial government's efforts to ensure this issue is prioritized at the federal level and is working cooperatively with the Ministry of Tourism, Sport and the Arts.

Tourism BC has an excellent track record in attracting and retaining highly knowledgeable and skilled staff. The organization faces increasing competition for these human resources, particularly from the Vancouver Organizing Committee (VANOC) and the recent move of the Canadian Tourism Commission (CTC) to Vancouver. The organization mitigates this risk by promoting a solid value system and providing challenging opportunities for its employees. In 2004/05, Tourism BC placed 2nd in Watson Wyatt's *Survey for the Best Companies to Work for in British Columbia*.

In terms of long-term risks for Tourism BC and the tourism industry, the most significant is related to achieving aggressive tourism growth rates by 2015. All key strategic elements identified in the strategic framework must be addressed to fulfill this goal. As well, other risks outside of the tourism industry's control such as rising gas prices or the Western Hemisphere Travel Initiative may impact the industry's ability to accomplish this target. Tourism BC will continue to work with the Ministry of Tourism, Sport and the Arts and other key tourism organizations such as the Council of Tourism Associations (COTA BC) and the Tourism Industry Association of Canada (TIAC) to identify potential solutions while working with partner marketing organizations to generate new opportunities geared towards building new growth.

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GOALS, KEY STRATEGIES, PERFORMANCE MEASURES AND TARGETS

As outlined in Tourism British Columbia's *2005-2015 Tourism Strategic Framework*, Tourism British Columbia will be implementing programs that work towards achieving two long-term outcomes:

- **Double Provincial tourism revenues by 2015.**
- **Maximize the long-term tourism benefits of the 2010 Olympic Games for all of British Columbia.**

To accomplish these outcomes, Tourism British Columbia has identified four primary goals:

1. Increase provincial tourism revenues by attracting visitors from both "volume" markets (British Columbia, Alberta and Washington) and "high-yield" markets (long haul North America, Asia/Pacific and Europe).

2. Optimize the BC visitors' experience through enhanced customer service.

3. Improve tourism market readiness of new and emerging tourism sectors and products.

4. Create a positive corporate culture within an efficient and effective organization.

Performance Measurement System

The number of performance measures has been reduced from last year in order to focus on core aspects of performance for the organization. The objective and data source of each performance measure can be found in Appendix 2.

Goal 1: Increase provincial tourism revenues by attracting visitors from both "volume" markets (British Columbia, Alberta, Washington) and "high-yield" markets (long haul North America, Asia/Pacific and Europe).

Goal 1 is the focus of the Marketing Division. Consumer-driven strategies target key geographic markets to increase demand for British Columbia as a preferred travel destination. Strategies focus on building awareness, interest, knowledge, purchase and repeat purchase. Spending emphasis is focused on two key revenue generating markets. First, those in close proximity to British Columbia, including British Columbia, which produce high volume but lower daily expenditures and have high repeat potential. The second type of markets are those farther away (long haul Canada, US, and overseas) which deliver visitors that tend to stay longer and spend more on a daily basis. By balancing efforts against repeat visitation from closer in markets and higher yield longer haul markets, growth in tourism revenue will be optimized.

In preparation for visitors from China travelling to Canada under the Approved Destination Status (ADS) agreement that is currently being negotiated by the federal governments of Canada and China, marketing efforts will be accelerated to capture the potential of this market. Tourism BC will work closely with the Canadian Tourism Commission, Chinese tour operators and relevant Destination Marketing Organizations to maximize the opportunity. Activities will include trade education, familarization tours, travel media relations and website development.

Key Strategies

- Generate long and short stay business to British Columbia in spring and summer through the *BC Escapes*® advertising program by offering specially priced packages to key markets with high potential (British Columbia, Washington, Alberta and California).
- Continue to build upon province-wide sector campaigns to capitalize on demand for experience focused travel.
- Support regionally-focused marketing activities such as advertising, publications, consumer and trade shows, as well as provide cooperative marketing opportunities to businesses through the Tourism Partners Program.
- Expand trip-planning functionality and access to information on consumer website. Provide multi-lingual market-specific information to meet the trip planning requirements of travellers from key overseas markets.
- Increase opportunities for industry to reach consumers through listings and enhancements which are presented to consumers via Tourism BC's distribution channels (online, call centre, visitor centres)
- Continue to build awareness of British Columbia's tourism product with key travel media.
- Increase British Columbia's position with the travel trade through educational programs, cooperative marketing campaigns, familiarization tours and sales calls.
- Leverage Tourism British Columbia funding with private sector spending and other partners to maximize purchasing power and exposure of tourism product.

Performance Measures	Performance Targets				
	2004/05 Actual	2005/06 Forecast	2006/07	2007/08	2008/09
Industry Measure*					
Annual % increase in Provincial tourism revenues	(1996-2005) 1.9%*	3.4%	3.7%	4.5%	4.8%
Corporate Measures					
Return on Investment, *BC Escapes*® (tourism revenues per $ invested)	12.5	12.0	12.0	12.0	12.0
Equivalent dollar value of unpaid editorial coverage worldwide ($millions)	126.5	180	190	200	210
Unique visitors to www. *HelloBC*®.com (millions)	0.9	2.0	2.2	2.5	2.8

* The average annual increase in Provincial tourism revenues from 1996 to 2005 was 1.9%.

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Goal 2: Optimize the BC visitors' experience through enhanced customer service.

Goal 2 is the primary focus of the Visitor Services Division. The quality of a visitor's vacation experience while in British Columbia is critical to the ongoing success of the tourism industry. In the long term, British Columbia's tourism industry must continue to grow its reputation as a provider of high-quality services and products. Tourism British Columbia's strategies under this goal are designed to ensure that visitors have access to the information required to make informed purchasing decisions, to continue to enhance standards of tourist accommodation, facilities, service and amenities, and to enhance professionalism in the tourism industry.

Key Strategies

- Provide tourism product information and secure booking with potential visitors through the call centre, Visitor Centres and *HelloBC®*.com consumer website.
- Through 110+ provincial Visitor Centres, provide visitors touring the province with the information and tools to purchase BC tourism product.
- Provide the consumer with publications such as the *Approved Accommodation Guide, Vacation Planner* and *Outdoor Adventure Guide,* which have information to plan and book vacations.
- Deliver accommodation inspection programs to ensure acceptable standards are maintained.
- Provide industry with support and service in accessing Tourism British Columbia programs and distribution channels.
- Continue to provide customer service training to tourism businesses through *SuperHost®* training programs.
- Support the *go2* tourism human resources agency in its recruitment and retention programs for the tourism industry.

Performance Measures	Performance Targets				
	2004/05 Actual	2005/06 Forecast	2006/07	2007/08	2008/09
Corporate Measures # of visitors served at Visitor Centres (millions)	3.27	3.38	3.55	3.72	3.91
# of tourism businesses listed on *HelloBC.com*:					
• Accommodation	2,799	2,980	2,900	2,950	3,000
• Non-accommodation	n/a	n/a	1,000	1,100	1,200
# of participants trained through *SuperHost®* training programs.	19,600	22,000	23,000	24,000	25,000

Goal 3: Improve tourism market readiness of new and emerging tourism sectors and products.

Goal 3 is primarily supported by the Marketing Development Division. Strategies under this goal are intended to improve the ability of existing and new tourism operators to access information and services that will help them grow their business by identifying opportunities, acting on them and continuing to innovate. Successfully implemented, these strategies will create the conditions needed to ensure the tourism industry is forward-looking and responsive to tourism market demands.

Key Strategies

- Continue to provide "BC Experiences" product sector development program that assists businesses in becoming market-ready.
- Continue to provide the Community Tourism Foundations development program that assists communities with long-term planning and implementation.
- Work with the Aboriginal Tourism Association of British Columbia to develop and implement the Circles of Opportunity program through implementation of the Aboriginal Strategic Plan.
- Continue to deliver a Community Sport Tourism program in partnership with 2010 Legacies Now, the Canadian Sport Tourism Alliance and the Ministry of Tourism, Sport and the Arts.
- Produce and distribute a portfolio of research information in print and on the corporate website to the tourism industry, including an annual *Tourism Outlook*, the *Value of Tourism*, as well as market/regional and sector profiles.
- Continue to develop educational materials and workshops to assist individual operators.
- Continue to develop and improve Rails to Trails.
- Identify new marketing development opportunities for the corporation and the tourism industry.
- Identify new revenue opportunities for the corporation.
- Continue to publish BC Magazine to create awareness of BC as a preferred travel destination.

Performance Measures	Performance Targets				
	2004/05 Actual	2005/06 Forecast	2006/07	2007/08	2008/09
Number of Communities assisted	10	18	20	20	20
BC Magazine – circulation (thousands)	110	110	115	120	120
Unique visits to Research website	11,900	12,000	12,500	13,000	13,500

Goal 4: Create a positive corporate culture within an efficient and effective organization.

Goal 4 is supported by the Corporate Services and Human Resources divisions. Strategies supporting this goal contribute to Tourism British Columbia's performance by continuing to strengthen the qualities that make it a highly effective organization.

Key Strategies

- Conduct survey of Tourism British Columbia stakeholders to evaluate effectiveness of programs.
- Keep administration costs below those of comparable organizations.
- Continue to instill a values-based and productive corporate culture.

Performance Measures	Benchmark	Performance Targets				
		2004/05 Actual	2005/06 Forecast	2006/07	2007/08	2008/09
Bi-annual employee survey: "I have confidence in the leadership abilities of executives" (% agreed)	36%**	94%	94%	95%	95%	95%
Industry Stakeholder satisfaction survey of Tourism British Columbia programs and services (1-5 scale)	3.5	3.93	3.9	3.9	3.9	3.9
Cost of Support Services per employee ($000s)	40.7*	22.1	22.0	22.0	22.0	22.0

* Benchmark is Canadian Tourism Commission

** Benchmark is Provincial Government

ALIGNMENT WITH GOVERNMENT'S STRATEGIC PLAN

Sharing Tourism, Sport and the Arts Minister Olga Ilich's observation that "we have an unparalleled opportunity to think long term about our vision for British Columbia and the unique attributes and assets that make the province a great place in which to live, visit and invest," Tourism British Columbia's Board of Directors and staff continue to ensure all aspects of the long-term strategy that fall within the organization's mandate are fully addressed. This includes an on-going commitment to building the value of the *Super, Natural British Columbia*® brand worldwide and to fostering a strong relationship with the BC tourism industry to ensure key opportunities are maximized.

Recognizing that it is the provincial government's distinct role to develop policies that support the competitiveness of the tourism industry, Tourism British Columbia undertakes activities that support broader objectives of government while remaining entirely committed to its legislated mandate. As identified in the *Tourism British Columbia Act*, Tourism BC's purpose is to promote development and growth in the tourism industry; to increase revenues and employment throughout British Columbia, and to increase the economic benefits generated through tourism. This aligns directly with the provincial government's "Golden Decade" goal to create more jobs per capita than anywhere else in Canada.

SUMMARY FINANCIAL OUTLOOK

$000s	2004/05 Actual	2005/06 Forecast	2006/07 Forecast	2007/08 Forecast	2008/09 Forecast
Revenue	restated				
Provincial Government					
Forecast % increase in Hotel room tax revenue	*7.5%*	*7.2%*	*5.7%*	*4.4%*	*4.9%*
Hotel room tax (note 1)	$ 26,015	$ 27,900	$ 29,500	$ 30,800	$ 32,300
Provincial government grant (note 2)	12,025	22,625	20,500	19,200	17,700
	38,040	**50,525**	**50,000**	**50,000**	**50,000**
Corporate					
Program and other	**7,298**	**8,040**	**8,095**	**8,475**	**8,590**
Expenses					
Marketing	10,210	26,130	26,625	27,250	27,250
Visitor servicing	10,370	13,883	14,370	14,495	14,495
Industry development	7,913	11,880	11,130	10,810	11,710
Support services	2,529	2,222	2,570	2,555	2,555
Amortization	1,289	2,500	3,400	3,365	2,580
Grants to regional marketing organizations	12,000	-	-	-	-
Writedown of intangible asset (note 5)	1,008	570	-	-	-
	45,319	**57,185**	**58,095**	**58,475**	**58,590**
Net operating revenue	**19**	**1,380**	**-**	**-**	**-**
Accumulated surplus, ending	**4,024**	**5,404**	**5,404**	**5,404**	**5,404**
Capital investment - Tourism BC funded					
Marketing technology	2,587	2,665	4,416	2,745	1,220
Other (note 3)	924	642	2,085	205	605
Sub-total	3,511	3,307	6,501	2,950	1,825
Capital investment - Province funded (note 4)					
Osoyoos Gateway Centre	-	25	1,975	-	-
Peace Arch Gateway Centre	-	100	2,900	-	-
Merritt Gateway Centre	-	100	2,900	-	-
Sub-total	-	225	7,775	-	-
Total capital investment	**3,511**	**3,532**	**14,276**	**2,950**	**1,825**
FTEs	111	129	138	139	140

Key Assumptions and Risks

Note 1 As directed by the Ministry of Finance, it is assumed that Hotel Tax will grow at the same rate as the BC Nominal GDP forecast.

Note 2 Tourism BC's annual funding is a fixed $50 million, sourced from 1.65 points of the 8% hotel tax and through an annual operating grant from a voted appropriation from the Ministry of Tourism, Sport and the Arts. The risk of a decline in hotel tax would be offset by an increase to the ministry grant in order to maintain total funding of $50 million. The 05/06 forecast includes a $500,000 grant from the Union of BC Municipalities, and $25,000 from Ministry of Agriculture. Both of these grants were deferred from 2004/05 to match expenses.

The 2004/05 included a $12 million grant from the former Ministry of Small Business and Economic Development. As instructed, these funds were flowed to the six regional tourism organizations for $2 million each.

Note 3 Other capital includes Tourism BC investment in a new Gateway Centre at Peace Arch, Rails to Trails, furniture and equipment, and leasehold improvements.

Note 4 The Province granted $2.0 million to Tourism BC in 2004/05 for the construction of a Gateway Centre in Osoyoos. The Province has also committed to grant $3.0 million each for the construction of two new Gateway Centres at Peace Arch and Merritt. These funds will be offset against construction costs as they occur.

Note 5 The writedown of intangible asset represents the estimated decline in the value of *British Columbia Magazine's*® subscription list, purchased by Tourism British Columbia in 2001.

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TOURISM BRITISH COLUMBIA OFFICES

Vancouver Office
12th Floor, 510 Burrard Street
Vancouver, BC V6C 3A8
Tel: 604 660 2861
Fax: 604 660 3383

Victoria Office
Box 9830 Stn Prov Govt
3rd Floor,1803 Douglas Street
Victoria, BC V8W 9W5
Tel: 250 356 6363
Fax: 250 356 8246

Australia Office
Level 5, 68 Alfred Street
Milsons Point
NSW 2061
Australia
Tel: 61 2 9959 4277
Fax: 61 2 9929 4543

UK Office
British Columbia House
3rd Floor, 3 Regent Street
London
SW1Y 4NS
United Kingdom
Tel: 44 20 7930 6857
Fax: 44 20 7930 2012

Germany Office
Frankfurter Strasse 175
63263 Neu-Isenburg
Germany
Tel: 49 61 02 202 993
Fax: 49 61 02 207 947

Japan Office
Nishimura Building 2F
1-5-6 Yotsuya, Shinjuku-ku
Tokyo 160-0004 Japan
Tel: 03 5368 0782
Fax: 03 5362 2950

Taiwan Office
7G03, 7th Floor,
No. 5, Sec. 5
Hsin-Yi Rd.
P.O. Box 109-857
Taipei, Taiwan
Tel: 886 2 2722 0805
Fax: 886 2 2723 9364

Korea
1310 Soonwha Bldg.,
5-2 Soonwha-dong, Joong-gu,
Seoul, 100-731, Korea
Tel: 82 2 777 1977
Fx: 82 2 777 8179

Appendix 1: Board of Directors

Mr. Michael Duggan
Chair
Michael Duggan was elected and received an Order in Council (OIC) appointment to the Board in 1999 and became Chair in April 2001. He is currently President and owner of Boutique Hotels of BC, a hotel management company with hotels throughout BC. He was previously the General Manager of the Pan Pacific Whistler, from December 2000 to December 2003. His other industry experience includes positions at Sun Peaks Resort and 19 years at Silver Star Mountain Resort.

Ms. Beth Campbell
Vice Chair
Beth Campbell was elected and received an OIC appointment to the Board in 2000 and became Vice-Chair in April 2002. She is the owner of the Best Western Inn at Penticton and a Governor for Best Western International. She is a former Mayor of the City of Penticton and is past-President of the Penticton Hotel Association and the Penticton Chamber of Commerce.

Mr. Frank Bourree
Frank Bourree was elected and received an OIC appointment to the Board in April 2001 and is the National Tourism Business Consulting Partner for Grant Thornton LLP. Prior to joining Grant Thornton, Frank owned and operated 10 restaurants on Vancouver Island. He has more than 25 years of personal and professional experience in the tourism and hospitality industry and is widely recognized as an expert advisor to the accommodation and food and beverage sectors.

Mr. Harley Elias
Harley Elias was elected and received an OIC appointment to the Board in April 2005 and is a director Tourism Campbell River and Region. He has a broad ranging background in tourism education, market research, hospitality consulting, resort operations and management. He also serves Campbell River and Region as Vice President of As Wild As You Are Adventures, a joint tourism venture with the Campbell River Indian Band. He also sits as co-Chair of the Board of the BC Centre for Tourism Leadership and Innovation.

Mr. Terry Farmer
Terry Farmer was elected and received an OIC appointment to the Board in April 2004. He is the Founder and President/CEO of Accent Inns Inc. (with 6 hotels throughout BC), and currently serves on Tourism Vancouver's Board of Directors. In 1998, he was awarded the Entrepreneur of the Year Award for Tourism and Hospitality (Pacific Region).

Ms. Kelley Glazer
Kelley Glazer was elected and received an OIC appointment to the Board in April 2001. She is the Director of Sales and Marketing for the Delta Victoria – Ocean Pointe Resort & Spa. Formerly the General Manager for the Ramada Hotel Downtown in Prince George, she has also served as President of the Northern British Columbia Tourism Association and as a Director of the Council of Tourism Associations of British Columbia. Currently, she is an elected member of the Victoria Destination Marketing Committee and appointed to the Tourism Vancouver Island Marketing Committee.

Mr. John Korenic
John Korenic was elected and received an OIC appointment to the Board in March 2002. He is the Aviation Marketing Director for the Vancouver International Airport Authority. He was also formerly a director of Pacific and Europe Alliances for Canadian Airlines International Ltd. and worked with Wardair Canada Inc. John also serves on Tourism Vancouver's Board of Directors.

Mr. Charles McDiarmid
Charles McDiarmid was elected and received an OIC appointment to the Board in March 2002. He is the Managing Director of the Wickaninnish Inn & Pointe Restaurant near Pacific Rim National Park. He also served as Tourism Vancouver's Sales Director after working for the Four Seasons Hotel Group in management positions in Calgary, Newport Beach, Seattle, Dallas and Washington, D.C.

Mr. Stuart McLaughlin
Stuart McLaughlin was elected and received an OIC appointment to the Board in March 2002. He is the President of Grouse Mountain Resorts, the Director for the Mountain Experience for the Kicking Horse Mountain Resort and a Director of Pacific Insight Electronics. Mr. McLaughlin is also the owner of Whistler Water and Polaris Water Company. He is currently serving on the Board of Tourism Vancouver as Chair.

Ms. April Moi
April Moi was elected and received an OIC appointment to the Board in 2000. She is the Executive Director of the Northern Rockies Alaska Highway Tourism Association in Fort St. John, which is responsible for coordinating and promoting visitor activity within Northeastern British Columbia. A past Visitor Information Centre Manager, she is also experienced in festival and event coordination.

Mr. Don Monsour
Don Monsour was elected and received an OIC appointment to the Board in April 2004. Don is immediate Past President of the Council of Tourism Associations of BC (COTA), currently chairs the Product Innovation and Enhancement Committee of the Canadian Tourism Commission (CTC), and is also the Chair of Chairs for the CTC. Mr. Monsour is owner of Bon-Appetit Foods Inc., President of Hospitality Associates and is Past President of the British Columbia Restaurant and Foodservices Association.

Ms. Sue Morhun
Sue Morhun was elected and received an OIC appointment to the Board in 2000. As the Manager of Community and Heritage Services for the Township of Langley, she has been promoting the history of British Columbia for more than 25 years, and has received several awards for her leadership in heritage preservation and museum studies. Ms Morhun currently serves on the boards of the Land Conservancy of BC and the Barkerville Heritage Trust.

Mr. Stephen Smith
Stephen Smith was elected and received an OIC appointment to the Board in April 2000. He owns and operates two hotels in Prince Rupert, and is a director of the British Columbia & Yukon Hotels' Association. In addition, he was previously a president of the Northern British Columbia Tourism Association and Tourism Prince Rupert.

Mr. Allen Tozer
Allen Tozer was elected and received an OIC appointment to the Board in March 2002. He is President of Lexlaur Properties Inc, a hospitality and commercial property company with investments in hotels in the Kootenay region and numerous commercial properties in the Okanagan, and the operator of the Okanagan Wine Festival. Allen is Vice President, Finance and former President of the Thompson Okanagan Tourism Association.

2005-2006 Committees of the Board

Executive:	Mike Duggan, Chair, Beth Campbell, Vice Chair Allen Tozer, Terry Farmer; Steve Smith, Kelley Glazer, Frank Bourree
Corporate Services:	Allen Tozer, Chair Stuart McLaughlin
Visitor Services:	Terry Farmer, Chair April Moi, Harley Elias
Industry Development:	Steve Smith, Chair Don Monsour, Sue Morhun
Marketing:	Kelley Glazer, Chair Charles McDiarmid, John Korenic
Emerging Opportunities:	Frank Bourree, Chair Mike Duggan, Beth Campbell, others as needed

Appendix 2: Performance Management Systems

To ensure Tourism BC continues to be responsive to the needs of the tourism industry, performance measures have been incorporated at three levels: industry performance, corporate performance, and individual business unit performance. The following table highlights the key industry and corporate performance measures.

Performance Measure	Objective of Measure	Data Source
Provincial tourism revenues	To track progress towards doubling tourism revenues by 2015.	Tourism BC. The base revenue was established in a 1996 Angus Reed survey *BC Visitor Study*. Tourism BC updates the data annually by monitoring an extensive combination of indicators with particular focus on accommodation statistics such as room revenue, occupancy levels and average daily rates. In addition, Tourism BC monitors visitation through customs entries, airport arrivals, cruise ship activity, attendance at provincial parks, ferry and highway traffic, and visitor party information gathered from the 110+ Visitor Centres.
ROI, *BC Escapes*® program	To measure the return on investment from Tourism BC's biggest promotional program. An investment of $6.0 million in 2005/06 is forecast to generate $72 million in direct tourism revenues.	Ongoing Conversion Studies from an independent third party.
Equivalent dollar value of unpaid media	To measure the value of unpaid coverage of British Columbia tourism in print, TV, radio.	Tourism BC
Unique visitors to www. *HelloBC*®.com (millions)	To track # of visitors to Tourism BC consumer website as a success indicator of marketing programs	Tourism BC
# of visitors served at Visitor Centres (millions)	To measure # of visitors seeking tourist information at the 110 Visitor Centres throughout the Province.	Tourism BC
# of tourism businesses listed on *HelloBC.com*: • Accommodation • Non-accommodation	To track # of tourism businesses registering for Tourism BC online programs	Tourism BC
# of participants trained through *SuperHost*® training programs.	To measure one of mandated objectives: "enhance professionalism in tourism industry".	Tourism BC
Number of Communities assisted	To measure # of BC communities assisted by TBC community programs	Tourism BC
BC Magazine – circulation (thousands)	To measure exposure of Tourism BC's highly acclaimed magazine	Tourism BC

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Performance Measure	Objective of Measure	Data Source
Unique visits to Research website	To measure number of users of Tourism BC-produced tourism industry research.	Tourism BC
Bi-annual employee survey: "I have confidence in the leadership abilities of executives" (% agreed)	To measure employee satisfaction with Tourism BC leadership.	Tourism BC "Culture Survey"
Industry Stakeholder satisfaction survey of Tourism British Columbia programs and services (1-5 scale)	To measure external stakeholder satisfaction with Tourism BC programs.	Annual Stakeholder Survey – Tourism BC Research Dept.
Support Services costs per employee	To measure support services costs and compare against similar organizations to demonstrate efficiency.	Tourism BC